Human Events *A Weekly Analysis for the American Citizen*

Editorial Office 1323 M STREET, WASHINGTON 5, D.C. *Telephone* NATIONAL 2066

VOL. III, NO. 8, *Issue Number* 108 FEBRUARY 20, 1946 ★ *Editors:* FELIX MORLEY & FRANK C. HANIGHEN

CAN AMERICA CLOTHE THE WORLD?

By Henry Regnery

During the past few weeks there have been various indications of a change in the economic policy of Washington toward the former Axis nations.

The Department of State and the War Department have recently made announcements emphasizing the importance of reviving the textile industries of Germany and Japan, both to provide critically needed clothing and to obtain the foreign exchange necessary to pay for essential imports of food and raw materials. It has also been reported that American cotton is to be shipped to Germany, Japan and Italy to supply idle mills in those countries. Although a recent State Department press release asserted that the program of "reactivating" industries in Germany and Japan in no sense constitutes a change in policy, it is obvious that these steps represent a far more positive and constructive approach to world economic realities than was evidenced by such proposals as the Morgenthau Plan.

It is scarcely surprising, however, that these proposals are viewed with considerable misgiving in certain quarters. Not unnaturally, American textile exporters are particularly alarmed. The New York Journal of Commerce recently pointed out that the United States now has a golden opportunity to assure itself a dominant position in world trade in cotton textiles, in which Japan was formerly the leader. This can be accomplished, it is argued, if the textile industries of the defeated countries, especially Japan, are reduced by "reparations" so that they can henceforth supply only minimum domestic needs.

The president of the Textile Export Association has publicly advocated that "the hand loom industry in Japan should be encouraged to supply all the local Japanese needs" and that "most of" all other Japanese spinning and weaving equipment should be turned over to China. The latter nation, however, "should be required to install this machinery in

Copyright 1946 by HUMAN EVENTS, Inc.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

inland plants and restrict the production to its own domestic markets".

II

In our foreign economic policy we are in a dilemma. Conflicting aims, as represented by the Atlantic Charter on the one hand and the Morgenthau Plan on the other, have led us into a situation full of difficulties and contradictions. A constructive solution will require full realization of all the factors involved. The problem of what to do with the Japanese textile industry illustrates very clearly what we have to face, and what steps we must take, to establish the basis for reconstruction and peace.

Japan is densely populated, and poor in resources of all kinds. That country, quite as much as Great Britain, is dependent for its food and raw materials on the export of finished goods.

The development of the textile industry in Japan began in the latter part of the Nineteenth Century, largely with second-hand English machinery. The industry developed rapidly, and by the 1920's, because of low labor costs and efficient organization, Japan had largely supplanted Great Britain as the supplier of cheap cotton goods in the export markets of the world. More than 10 per cent of the Japanese engaged in manufacturing were before the war employed in the cotton textile industry. Its products, in 1938, made up about 18 per cent in value of all Japanese exports.

In the 1930's Japan was second only to the United States as a producer of cotton goods, and was by far the largest exporter. The Japanese textile industry was, therefore, not only of great importance to that country, it was also important to the world; since Japan was the chief source of supply of many areas, particularly countries using cheaper and coarser grades. Japanese goods were exported primarily to India, Manchuria, the Dutch East Indies, Central and South America and Africa. Appreciable quantities were exported in certain years to the United States, but these were small both in comparison with total American consumption and with total Japanese exports.

Before the war Japan possessed some 12 million cotton spindles; this compares with 23.5 million active spindles in the United States, and about 38 million in place, but not all active, in Great Britain. According to reports from Japan, some 9 million

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

spindles were either scrapped during the war or put out of commission by bombing, so that it is believed that not more than three million are now in condition to be operated. A representative of one of the New York textile papers who had just returned from Japan, reported in a speech a few weeks ago that the destruction of the Japanese cotton textile industry had exceeded even his fondest hopes.

III

Japanese pre-war exports of cotton goods amounted to some two and a half billion square yards per year. Superficially it would appear that the American industry could very easily supply world markets with this quantity of cotton textiles and help itself by doing so. Our industry until the war suffered intensely from an over-capacity of some two to three billion square yards per year, or just about the amount of Japanese exports.

The actual situation is not as simple as this arithmetical coincidence indicates. The productive capacity of the world has been tremendously reduced as a result of the war. People everywhere are suffering from a critical shortage of goods. The government of almost every country is faced with the almost insurmountable problem of providing its population with a bare minimum of food, clothing and housing. The unpleasant political consequences of this situation are daily becoming more evident.

Of all the major producing countries, the United States alone has its industrial plant intact, but even our great productive capacity cannot supply the world. In the case of cotton textiles, for example, American production is now insufficient to meet domestic needs if a relatively moderate and extremely inadequate amount — compared with the need -- is set aside for export.

American production in 1945 was approximately nine and a half billion square yards, which was about three billion yards less than the quantity produced in the peak year, 1942. By comparison, world production in 1938 was in the neighborhood of 34 billion square yards, of which some six billion square yards were produced in Germany and Japan. The case of textiles will illustrate the point made by a writer in HUMAN EVENTS as far back as November 8, 1944, when this publication stated:

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

" . . . Our excess of births over deaths would need to be lifted to something like two and a half or three million each year for the next three decades (double any previous excess), to enable us adequately to keep up the industrial and military establishment required by the world position to which our people aspire."

IV

There are considerations other than those of quantity in the textile picture. Japan can produce cotton goods, particularly the qualities in demand on the markets it formerly supplied, at a far lower cost than can the United States. In addition, Japan needed, and could offer a market for, the goods these countries had to offer in exchange.

This is not necessarily true of the United States. Actually, rather than being a competitor, Japan was a good customer of the United States. That country bought a large part of its cotton in the United States, and in reality furnished the means by which some 10 per cent of this basic American crop was converted into cloth and made available to the low-price markets of the world.

Therefore, it seems clearly prudent and necessary to revive Japanese textile manufacturing, partly to insure that Japan will not remain as an economic burden to the United States, but also to avoid an increasingly difficult situation for American diplomacy in the countries which benefited from the exchange of goods with Japan.

It is a hopeful sign that responsible officials in Washington are taking the positive and constructive steps to revive production and trade which the announced policy in connection with the textile industries of the defeated nations indicates. It is all the more hopeful that responsible quarters are taking such a stand when it is obviously not the sort of move to arouse much popular support.

The prestige of the United States will not be advanced if we use our present position of military supremacy to increase our own fancied economic advantage. In doing so, we would only create further poverty and misery, the adverse effects of which upon ourselves would soon become apparent.

* * * * * * * * * * * * * * *

Henry Regnery, the Secretary-Treasurer of HUMAN EVENTS, Inc., is an authority on the textile industry, in which he has had broad experience.

* * * * * * * * * * * * * * *

Reproduction or quotation is permitted only when credit is given to HUMAN EVENTS. Subscription for three months, $3.00; for six months, $5.50; for one year, $10.00. Foreign and airmail postage additional. Please remit in U.S.A. DOLLARS.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED